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# How Much More Can Moscow Spend on Arms?

## Experts Differ, But They Agree That Soviet Economic Flexibility Is Just One Consideration

**A**LWAYS an essential element in the Russian enigma, the riddle of military spending and Moscow's economic capacity to sustain even higher defense budgets has emerged as a central issue in the Presidential campaign. Debating with President Carter last week, Ronald Reagan contended that the Russians had "managed, in spite of all our attempts at arms limitation, to go forward with the biggest military buildup in the history of man." Mr. Reagan argued that an intensified buildup of American power was necessary. Mr. Carter charged that Mr. Reagan was inviting "a new round of the arms race." To explore the issue further, Richard Burt, a correspondent in the Washington bureau of The New York Times talked separately with two experts who hold different views on the Soviet economy and military spending, Franklyn Holzman and Abraham Becker. Mr. Holzman, a professor at Tufts University, is a fellow at the Russian Research Center, Harvard University. Mr. Becker is an economist at the Rand Corporation, Santa Monica, Calif. Excerpts from those interviews follow.

**Question.** How big a burden on the Soviet economy is defense spending?

**Mr. Becker.** The C.I.A. estimates it is about 12 to 14 percent of the Soviet gross national product. This is a measure of the dedication of the Soviet leadership to defense, since that, or a similarly large bite, has been taken out of Soviet resources, relatively speaking, for 10 to 15 years. There's little doubt that this represents a burden on the economy because the military uses scarce, high-valued resources that could have alternative uses. This has contributed to maintaining a ceiling on Soviet economic growth and perhaps even to its retardation. To sustain the military, it has imposed priorities that have sacrificed the interests of the civilian sector.

**Q.** Does this imply that if the United States increases defense spending substantially, Moscow would have difficulty keeping pace?

**A.** Matching the United States would be difficult. If, for example, the Soviets felt compelled to increase their defense budget by 6 percent a year, instead of the current rate of 3 to 4 percent, they would face difficult choices. It would affect the possibilities for growth in investment and consumption rather heavily. The more you squeeze investment, the more you threaten the rather moderate growth of the Soviet economy. It is not at all clear that the Soviet economy's current growth rate would be sustainable even under a moderate rate of increase in defense spending.

**Q.** But if they feel threatened, don't the Soviet leaders possess the power to force their economy to match American increases?

**A.** If the Soviets faced the prospect of rapidly rising U.S. expenditure, one option would be to develop political and diplomatic tactics to restrain the U.S. That would probably be their first choice. Secondly, they would have to confront the possibility of increasing military spending and to face up to the prospect of tightening up on social discipline. There is still a third possibility, the most frightening one: If they really

**Q.** What are the Soviet political or diplomatic options for restraining American spending?

**A.** Historically, the Soviet view of détente brought together two different streams of thought. One put emphasis on controlling the arms race while the other stressed further military modernization. These views were reconciled by the perception that "the correlation of forces" is changing in Moscow's favor. In the Soviet view of détente, there was a requirement to try to constrain U.S. ability to utilize its vast productive potential to threaten the Soviet Union. I think the Soviets still feel that there is some possibility of going back to the détente atmosphere.

**Q.** What internal variables — such as a leadership succession crisis — are likely to influence Soviet military spending decisions?

**A.** Their present policy seems to be based on consensus. But if a successor to Brezhnev wanted to reallocate resources away from the military toward the civil sector for economic reasons, he would face very great difficulties. Reallocation issues affect the constellation of power in the Soviet Union, the core interests of the most powerful elements in the society. Moreover, at the beginning of a succession, the leader tends to be relatively weak and his capability to bring about so fundamental a transformation would be relatively insignificant. The Soviet military buildup and its stability over such a long period suggests that this structure is now so firmly anchored in the leadership decision-making apparatus that a successor would have a very difficult time trying to upset the policy.

**Q.** If the American defense effort continues to increase gradually, what changes do you expect in Soviet military spending? What could be the impact of arms control agreements, such as SALT II, on Soviet defense budgets?

**A.** The C.I.A. tells us that the Soviets will go ahead increasing their military spending by about 4 percent a year. If U.S. spending continues at the rate of the last four years, the size of the Soviet military program will continue to be larger because the gap between the size of American, as compared to Soviet, military spending has become so big. I think the Soviet leadership will continue to see the political utility of their military buildup and exploit it in ways which have already become familiar.

**Q.** With or without arms control?

**A.** Arms control has not just been a sop to those in the Soviet Union who have tried to control military spending for economic reasons. It was also seen as a means for restraining the growth of American military power. To that extent, the Soviets were probably quite satisfied with SALT I and surely are unhappy that SALT II has not been ratified. But I don't think that arms control has had any major impact on the rate of Soviet spending.

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